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Israel

Grain and Feed Annual

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Report Highlights:
Israel is almost completely dependent on imports to meet its grain and feed needs.
In recent years dried distillers grains with solubles (DDGs) and corn gluten feed (CGF) imports have increased significantly. In MY 2014/15, 446,000 tons of CGF and DDGS were imported by Israel (mainly from the U.S.), up nearly 110 percent compared to 10-years ago.

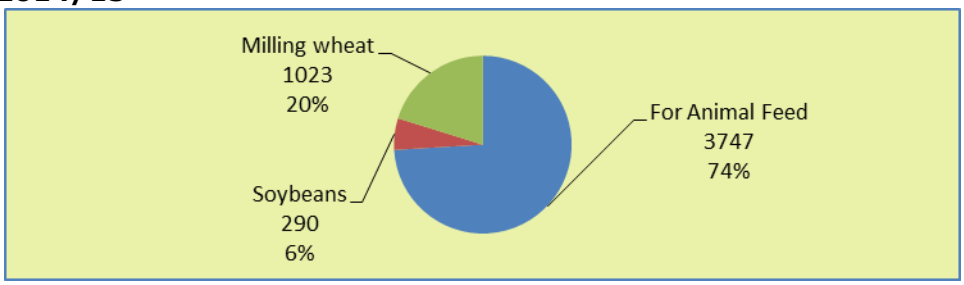
In the past two years, due to corn's attractive pricing, its imports increased significantly at the expense of feed wheat imports. in MY 2014/15 and 2015/16 corn imports are expected to reach 1.7 million tons (record high), mostly from Ukraine. Due to the recent EURO35/ton wheat export tax by Russia from Feb 1, 2015, it is expected that imports of U.S. milling wheat will increase to 35-40 percent of market share in MY 2015/16 compared to 15 percent in MY 2014/15.

Executive Summary:

Israel is almost completely dependent on imports to meet its grain and feed needs. Out of the total grain and feed imports (see chart 1) in MY 2014/15, 74 percent will be used for livestock feed, 20 percent for milling wheat, and six percent are soybeans, which are crushed for meals and oil. Total grain, feedstuff and soybean supply will total about 5.06 million tons.

From MY 1998/99 through MY 2014/15 total grain, feedstuff and soybean imports increased by an average of 1.7 percent per year, which is essentially the same as the local population growth (1.8 percent). It should be noted that part of the grains and feedstuff that are imported into Israel are re exported to the Palestinian Authority (PA).

Chart 1: Total Israeli Grain, Feed and Soybeans Imports, TMT and Market Share, MY 2014/15



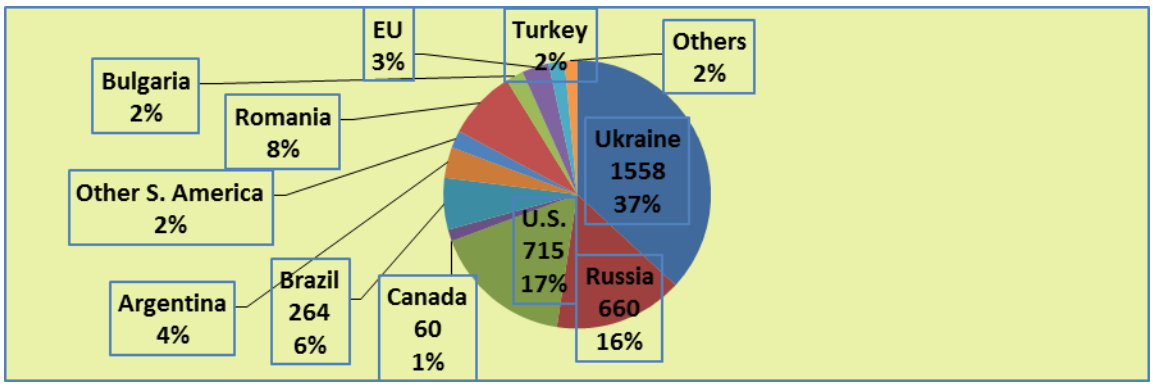
Source: Israeli Source|: Ministry of Agriculture
** For Animal feed – corn, feed wheat, barley, sorghum, all kinds of oil meals, Dried Distillers Grain with Soluble (DDGS), Corn Gluten Feed (CGF), corn flakes and oats

Animal feed is imported mainly from Ukraine and Russia, while milling wheat is imported from Russia, US, Germany, Hungary and Canada. Soybeans are imported mainly from the US, Brazil and Paraguay.

Out of the total Israeli imports of grains, feed stuff, and oilseeds, in MY 2014/15, it is estimated that about 24 percent are from the US: corn 399 thousand metric tons (TMT), soy meals 80 TMT, corn gluten feed 243 TMT, DDGS 190 TMT, corn screening 77 TMT, milling wheat 148 TMT, and soybeans 96 TMT.

In recent years, Black Sea sources, such as Ukraine and Russia, have captured a greater market share due to lower prices, and their proximity, which results in lower freight costs over those from the US and South America.

Chart 2: All Feed Stuff Import into Israel By Countries, MY 2014/15



Source: Israeli Ministry of Agriculture

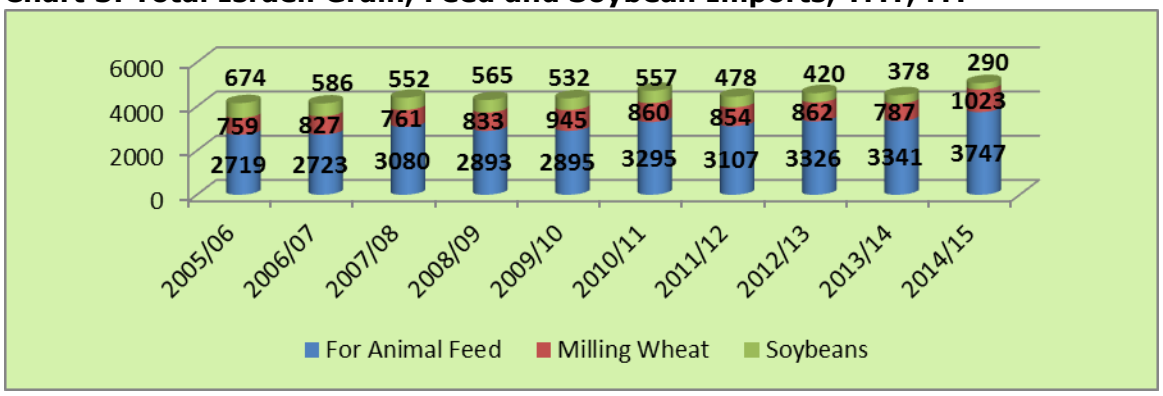
Animal feed imports in MY 2015/16 are expected to total about 3.75 million metric tons (MMT) with corn at 1.7 MMT, feed wheat at 0.53 MMT, barley at 0.3 million MMT,CGF and DDGS at 0.4 MMT, all types of oilseed meals at 0.54 MMT and other feed stuff at 0.23 MMT.

Corn imports in MY 2014/15 reached a record high of 1.7 million tons and the level is expected to remain the same in MY 2015/16. Corn and feed wheat are the main ingredients used on Israeli farms for poultry, dairy, cattle and aquaculture feed (see charts 4 and 5).

In MY 2015/16, it is expected that about 70 percent of corn will be imported from Ukraine, and the rest from Brazil and Argentina while the U.S. share will be very limited (probably less than two percent market share). The high levels of corn imports is a result of Ukraine's good wheat quality —as more of it is sold as milling wheat and less diverted to feed, —as well as Ukraine's competitively priced corn supplies, which are lower to feed wheat by about $30/MT.

Post estimates that about 0.9 million tons of milling wheat will be imported in MY 2015/16, a 10 percent decrease from MY 2014/15. The decrease is due to the previous year increased imports of 30 percent, which resulted in higher-than-usual stock levels. Due to the recent export tax of EURO35/ton on Russian milling wheat, it is expected that U.S. milling wheat market share will increase to 35-40 percent, compared to just 11 percent in MY 2014/15.

Chart 3: Total Israeli Grain, Feed and Soybean Imports, TMT, MY

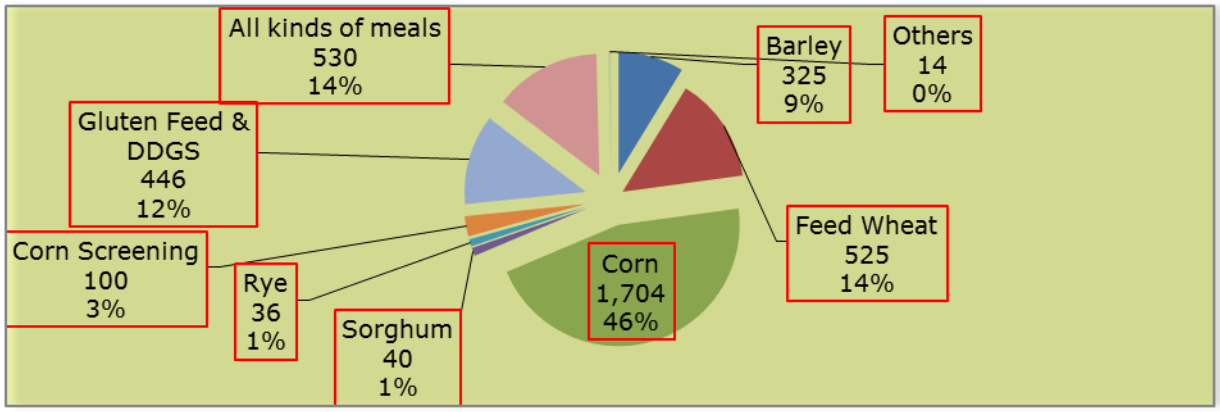


Source: Israeli Ministry of Agriculture

The continued decrease of soybean imports in recent years is mainly due to significantly higher imports of substitute protein sources, such as sunflower, soy and canola meals, DDGS and CGF. In

addition, in CY 2012, Teth-Beth, the smallest soybean processor in Israel, closed due to low profitability and now only two soybean processing plants (Shemen and Solbar-CHS) are operating in Israel.

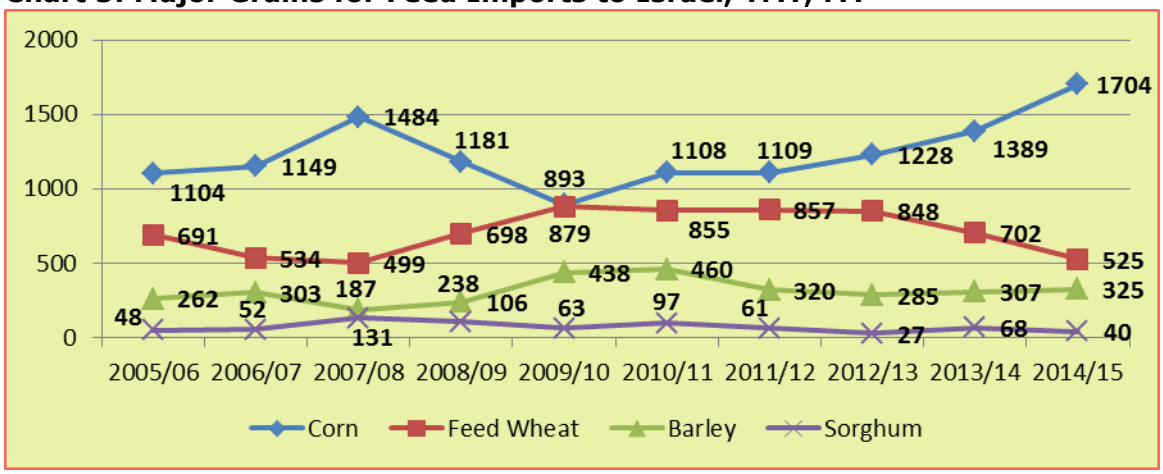
Chart 4: Total Import of All Feedstuff to Israel, (TMT) and Market Share (%), MY 2014/15



Source: Israeli Ministry of Agriculture

The Israeli feed milling industry shifts easily from corn, barley and sorghum to feed wheat and vice versa, depending on price relationships (see chart 5). Israel consumes about 2.4 million tons of feed grains per annum. Out of total feed grain imports, corn imports are between 900-1,700 TMT; feed wheat accounts for 500-900 TMT; barley imports range from 190 to 550 TMT; sorghum levels vary from 30 to 130 TMT; and rye between 20-50 TMT.

Chart 5: Major Grains for Feed Imports to Israel, TMT, MY



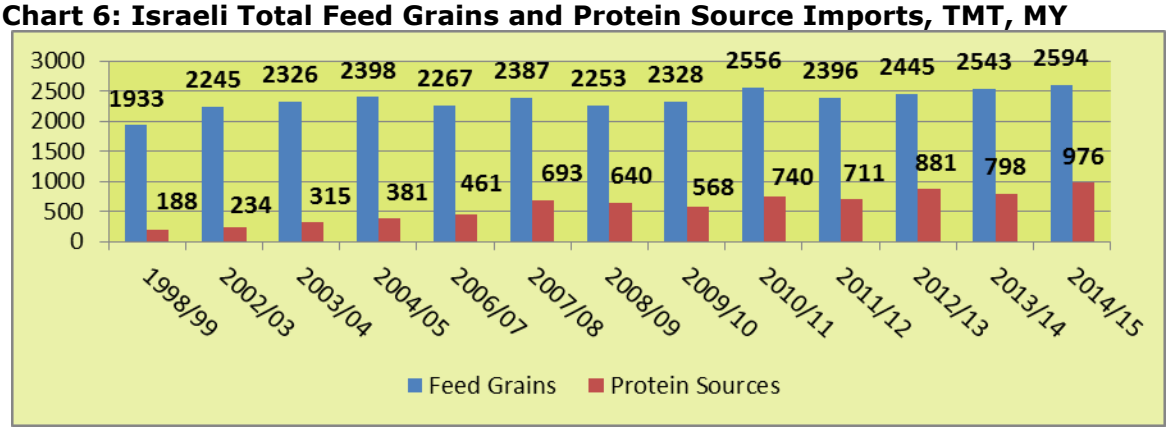
Source: Israeli Ministry of Agriculture

From MY 1998/99 through MY 2014/15, total imports of feed grains and protein sources (see chart 6) for livestock feed increased by an average of 3.3 percent per year, which is above the local population growth. The increased growth can be attributed to the following three factors:

1. Standard of living and GDP in Israel have increased in recent years its economy is on a better footing than most of its peers in the Organization for Economic Cooperation and Development (OECD). Israel's economy is expected to expand by 3 percent in 2015 and by 3.5 percent in 2016, according to a revised forecast by the OECD.

2. It should be mentioned that part of the grains and feedstuff that are imported into Israel are re-exported to the Palestinian Authority (PA). It is estimated that about 15 percent of Israeli grain and feedstuff imports are transshipped as raw material or as finished feed mix. In addition, the market is growing as GDP growth in the PA averaged 4.45 percent from 2001 until 2014.
3. In recent years there are some exports of feedstuff from Israel to Jordan, mainly of feed mix produced in Israel.

Chart 6: Israeli Total Feed Grains and Protein Source Imports, TMT, MY



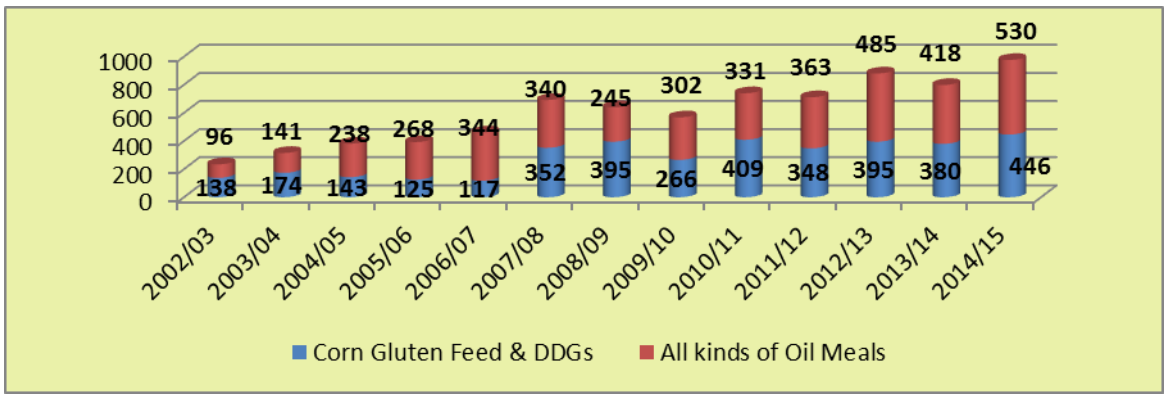
Source: Israeli Ministry of Agriculture
** Protein sources - DDGS, CGF and all kinds of oil meals

From MY 1998/9 through MY 2014/15 total imports of protein sources (see chart 6) increased by an average of 13.2 percent per year. Sunflower meal, soybean meal and canola meal are the main meals used on local poultry, dairy, and cattle farms.

For the past ten years (see charts 7 and 8), Israel has been a growing market for DDGS and CGF while on the other hand, U.S. feed grains have had a difficult time in the Israeli market due to competition from the Black Sea region and from South America. However, U.S. corn byproducts have found a good niche market in Israel and are expected to retain and expand this market over the next years, as Israeli feed millers are using higher quantities of DDGS and CGF. According to the U.S. Grains Council, Israel is the 2, 12 and 13 largest markets for U.S. corn gluten feed, corn gluten meal, and DDGS in CY 2014 (Jan-Nov, most recent data).

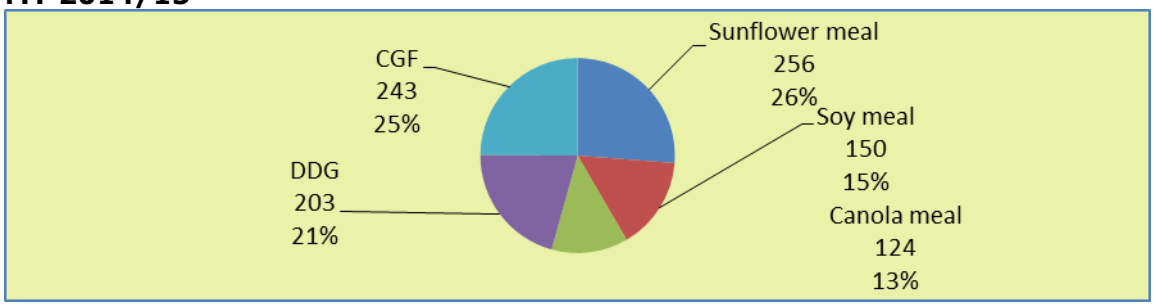
In December 2014, Turkey rejected about 100,000 tons of U.S. DDGs (due to GMO content) and about 80,000 tons of it was reshipped to Israel. This resulted in increased stocks, which will slow down new sales of DDGS and CGF to Israel for the first 6 months of CY 2015.

Chart 7: Israeli Imports of Protein Sources for Animal Feed, TMT and MY



Source: Israeli Ministry of Agriculture

Chart 8: Total Israeli Imports of All Protein Sources (TMT) and Market Share (%), MY 2014/15



Source: Israeli Ministry of Agriculture

Many countries in the Middle East import a limited amount of U.S. corn, which diminish the opportunities to consign shipments of corn with DDGS and corn gluten feed. If these countries do not bring in full vessels, U.S. corn co-products become more expensive than alternatives, thus reducing their competitiveness.

Commodities:

Wheat

Production:

Crop year 2015 is marked as a "sabbatical" year in Israel - Jews are not supposed to consume the crops produced in that year. Therefore, most wheat will be sold to the Palestinians and the remainder will be sold for animal feed in Israel.

In MY 2015/16, wheat production is expected to total about 160,000 MT, nearly 80 percent up from the previous year. Israeli wheat is rain-fed and not irrigated, making it the key determinant on yields. A more precise estimate for the upcoming crop will be available in June 2015.

About 70 percent of the wheat is planted in the southern part of Israel and the rest in the central and northern regions. During periods of limited rainfall, production in the southern part drops to about 2,000 KG/HA. On the other hand, the northern part usually has favorable weather conditions, and production in that area is about 7,000 KG/HA.

While in any given year about 100,000 HA are planted to wheat, only about 75 percent is harvested for milling; the remainder is used as fodder for livestock feed.

In MY 2014/15, due to the droughts in the southern and northern parts of the country, wheat production totaled 90,000 tons, however, the quality of the crop was good, reaching protein levels of at least 12 percent, with an average gluten index of 80.

Table 1: Wheat Production, Thousand Metric Tons, Crop Year

MY	Total Production	Percent Change Compared to Previous Year
2004/5	128	-32
2005/6	180	41
2006/7	132	-27
2007/8	145	10
2008/9	60	-59
2009 /10	100	67
2010/11	100	0
2011/12	100	0
2012/13	165	65
2013/14	130	-33
2014/15	90	-31
11-Year Average	**121**	
2015/16*	160	

Source: CBI, Statistical Abstract of Israel, Different Years.
*Forecast: Based on information collected from the Field Crops Organization.

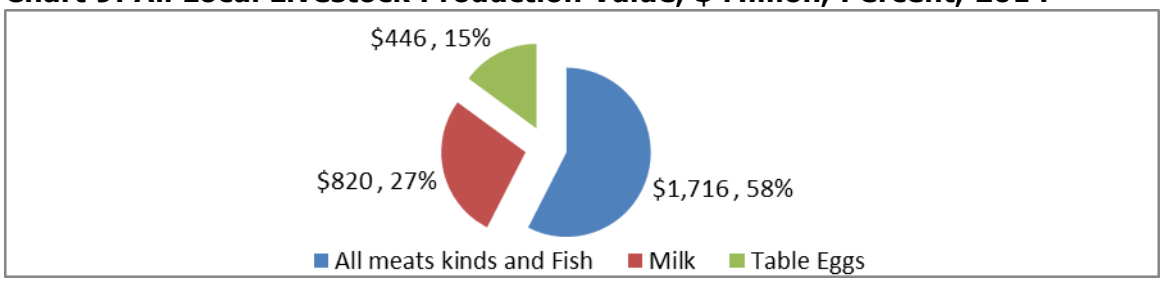
Consumption:

Feed Wheat - The Israeli feed milling industry shifts easily from corn, barley and sorghum to feed wheat and vice versa, depending on price relationships. Due to the continued shortage of feed wheat, mainly from Ukraine as its wheat's quality has improved and is being sold as milling wheat, Israel has increased its corn imports significantly.
Feed wheat imports in MY 2014/15 will total about 525 TMT, a 25 percent decrease compared to the previous year and nearly a 40 percent drop compared to MY 2012/13. In addition, as a result of the expected competitive pricing of corn compared to feed wheat and feed wheat's continued shortage, FAS Tel Aviv estimates that feed wheat imports will continue its decreasing trend to 550 TMT in MY 2015/16. Most feed wheat is imported from Ukraine.

Milling Wheat – Milling wheat imports are mainly from Russia, US, Hungary, Germany, Canada and Romania. Most of these imports are of hard red winter wheat. In addition to milling wheat, there are some imports of packaged flour mainly from Ukraine and Russia.
Human wheat consumption in Israel is steady at about 950,000 tons annually, so any variation in total annual consumption is a result of changes in wheat for feed use, and changes in demand by the Palestinian Authority (PA).
The grains and feedstuffs that are imported by the Palestinian Authority (PA), are transshipped from Israel to the PA. In addition some grain and feed shipments come through Jordan (Allenby border crossing) to the PA. In recent years, the GDP in the Palestinian Authority has increased, hence the Palestinians consume higher volumes of milling and feed wheat. Some of the milling wheat is exported to the PA as grain, while the rest is milled in Israel and exported as flour. The mills in the PA are small, with two main flourmills, one in the West Bank (Ramallah city) with a capacity of 10,000 tons per year, and the second flourmill is in Gaza with a capacity of 5,000 tons/year.
There are 19 flour mills in Israel and the industry's full capacity is about 1.3 million tons.

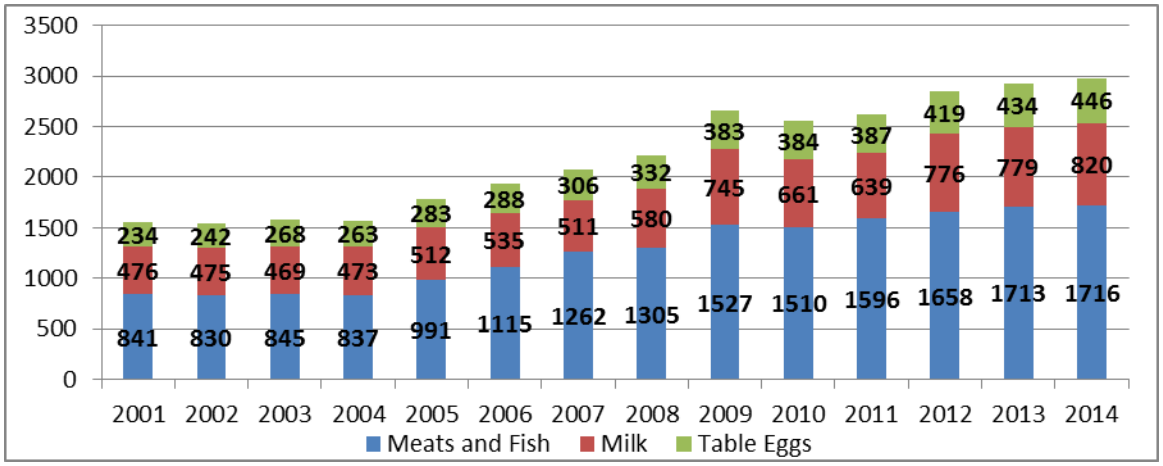
Livestock Production and Consumption

Chart 9: All Local Livestock Production Value, $ Million, Percent, 2014



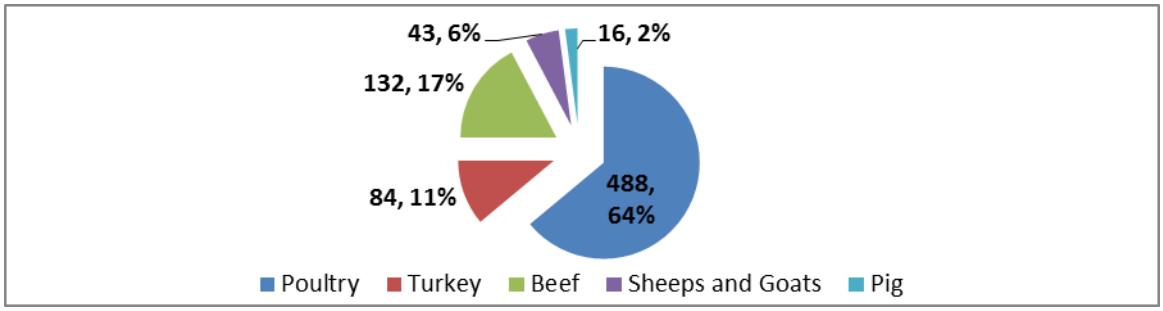
Source: Central Bureau of Statistics.

Chart 10: Total Local Livestock Production Value, $ Millions



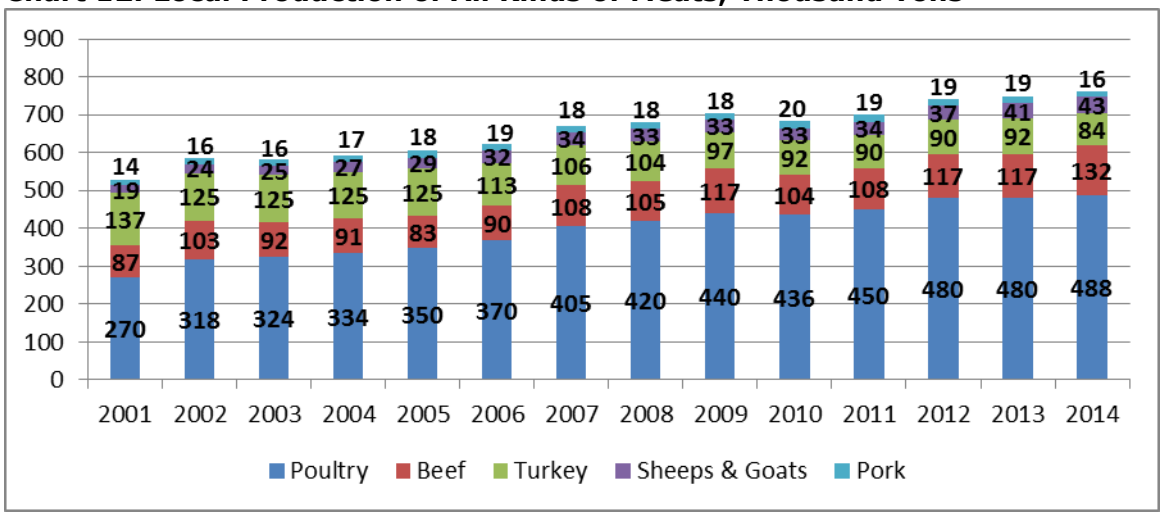
Source: Central Bureau of Statistics

Chart 11: Local Production of All Kinds of Meats, 2014, Thousands of Tons, and Percent, 2014



Source: Central Bureau of Statistics

Chart 12: Local Production of All Kinds of Meats, Thousand Tons



Source: Central Bureau of Statistics
Sheep meat in 2014 stands at 39tmt, and goat at 4tmt

The size of the market for feed grains and other feedstuff in Israel, which are mainly imported, is dictated by livestock production. Local meat production has increased from 476,000 tons in 1997

to about 725,000 tons in 2014 (52 percent up), hence a 2.6 percent annum increase, and is estimated to increase at the same rate in the coming years.

Broilers - In CY 2014, local production of broilers is estimated to have increased by about 1.5 percent from 2012 and 2013 levels and totaled about 488,000 tons (live weight). The slight increase is result of a new production quota system implemented in 2012 in order to stabilize the broiler supply-demand situation. From 1997 until 2014, broiler production increased by 113 percent. Due to the relatively new production quota system, since 2012 the increase has been very moderate in order to avoid market shocks.

It is estimated that local broiler production will increase 1-2 percent in CY 2015. Annual per capita consumption is relatively high and it is second to that of the U.S. (42 kg. in processed meat terms).

Turkeys - In recent years local turkey production has declined from over 137,000 tons in 2001 to approximately 84,000 in 2014. It's forecasted that production will stabilize at 75,000-85,000 tons in live weight terms. The consumption and production decrease was due to changing consumer preferences towards sheep and broiler meat. Annual turkey consumption is about 8 kg per person (in processed meat terms).

Table Eggs - In CY 2014, it is estimated that table egg production did not change from CY 2013 levels, totaling about 1,710 million eggs, with a market value of about $446 million. The table eggs sector is covered by sector-specific policy measures with minimum guaranteed prices and production quotas aimed at securing profitability for the majority of producers. Annual per capita consumption in Israel is relatively high compared to other countries, averaging 238 eggs. It is estimated that table egg production in the coming years will increase by about 1 percent per annum.

Milk - In CY 2014, local milk production increased by about 2 percent compared to 2013 and totaled nearly 1,400 million liters compared to 1,372 million in 2013, with a market value of around $820 million. Production in 2015 is forecast to remain close to 2014 levels between 1,380-1,420 million liters. Local consumption per capita is about 180 liter per person, which is relatively low compared to western countries' consumption of 220 liters/person.

Beef Meat - In recent years, the total market for beef meat has increased significantly from 87,000 tons in 2001 to 132,000 tons in 2014, a 52 percent increase and is expected for a 2-3 percent /annum increase in the next few years. It is estimated that part of the beef meat consumption increase will be to the detriment of the poultry meat sector.

Sheep Meat – The sheep meat market increased significantly in the last 16 years, from 11,000 tons to 39,000 tons, hence a 250 percent increase, and with a market value of around $230 million. The Israeli consumer taste is moving from turkey meat to sheep meat.

Goat Meat – The goat meat industry is relatively small with a production of about 4,100 tons, a 71 percent increase compared to 1997, with a market value of $22 million. Most of the local goats are raised by the dairy industry.

Pork Meat- Due to religious restrictions on pork consumption by most of the Jewish and Moslem population, local pork production is relatively small and production levels remain unchanged since 1997, totaling about 16,000 tons, as well as in 2014. Due to the unchanged production levels combined with a higher local demand for pork meat, prices have increased by about 113 percent since 1997. It should be mentioned that according to the "meat law", it's not allowed to import

non-kosher meat, however it's allowed to produce domestic pork, which is non-kosher, as such, demand must be met locally.

Local Mixed Grains Market for Animal Feed

About 90 percent of the local feed milling industry is controlled by 8 feed millers.
The biggest feed milling company is Ambar with plans to increase their production to 900 thousand tons over the next few years.

Table 2 - The Largest Feed Millers in Israel, Annual Mixed Grains, 2014

	thousand tons	Share
Ambar	830	35%
Miloubar	600	25%
Zemach	250	11%
Tadmir	200	8%
Asamey Oz	200	8%
Asam Hagalil	120	5%
Bar – On (Brown)	100	4%
Kfar Yehoshua	80	3%
Total	**2,380**	**100%**

Source: FAS Tel Aviv Office Research

In addition to the feed millers, there are about 150 feed centers in Israel, which sell their feed mix mainly to the cattle industry. Out of the total feed centers, 15 are big-sized feed centers, servicing the big cattle growers, and the rest (135) are considered small-sized feed centers, selling feed to small-sized cattle growers. Each small-sized feed center supplies feed to 100-300 cattle.

The total market of the Israeli feed milling industry (feed millers and feed centers) is estimated at about 2.55 million tons of feed per year. Their typical mix is made of grains, oil meals (48% protein soy meal, sunflower and canola) and other protein sources (DDGS and CGF). It is worth noting that part of the feed mix, about 15 percent, is exported to the PA and Jordan.

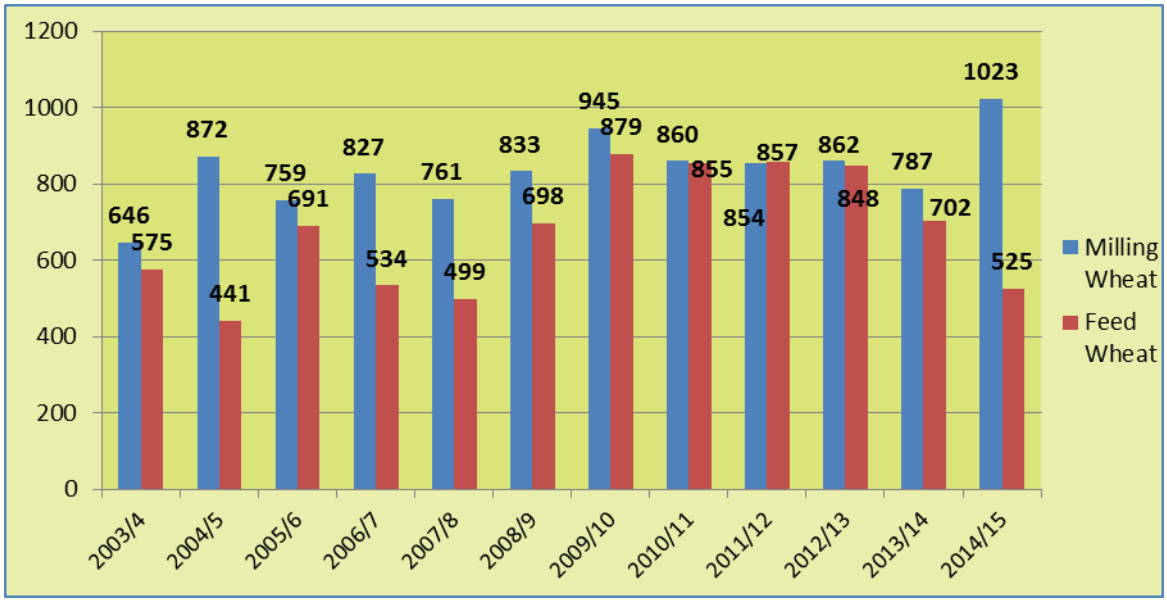
Table 3: Feed Stuff Prices in Israel, $ U.S. per Ton

	January 2015	January 2014	% Difference
Corn	215	335	-36
Feed wheat	248	365	-32
Barley	250	355	-30
Gluten Feed	265	395	-33
Canola meal	325	440	-26
Sunflower meal	307	395	-22
DDG	270	430	-37

Source: Israeli Cattle Growers Association

Trade:

Chart 13: Total Import of Milling and Feed Wheat, MY, TMT



Source: Israeli Ministry of Agriculture

Purchasing Process - Grains, feedstuff and its by-products (DDGS and CGF) are imported by the feedstuff importers. The biggest two feedstuff importers are Zenziper and Sherutei Bar Grains Import, and Central Industries, which are working with the three biggest feed millers in Israel (Ambar, Miloubar and Zemach) and the medium-sized feed millers.

Upon the request of the feed millers, Sherutei Bar and Zenziper publish tenders in which the major grain houses (Cargill, ADM, Dreyfus, Bunge, etc.), and other interested companies submit their bids. After reviewing the bids, the two importers decide on the best offer. Sherutei Bar and Zenziper also buy grains and feedstuff without tender. However, the tender is the most common purchase instrument in Israel.

In addition, there are additional six feedstuff importers who buy feed with or without the issuance of tenders.

MY 2015/16 Outlook

Feed Wheat - Due to the tight supplies of feed wheat from Ukraine, and corn's competitive pricing, FAS Tel Aviv estimates that feed wheat imports will remain at lower-than-usual levels , totaling about 540 TMT in MY 2015/16, a 2 percent increase compared to the MY 2014/15 and a 22 percent drop compared to MY 2012/13 and MY 2011/12. All feed wheat is imported from Ukraine. Additionally, due to improved quality of the wheat in Ukraine, feed wheat supplies from Ukraine will continue to remain low in the coming years (around 500-600 TMT/year).

Milling Wheat - Due to the increased milling wheat imports in MY 2014/15, milling wheat imports are expected to decrease by about 10 percent and will total about 920 thousand tons in MY 2015/16.

As a result of Russia's recent EURO35/ton wheat export tax by Russia from Feb 1, 2015, it is expected that imports of U.S. milling wheat will increase on the account of Russian milling wheat

and the U.S. market share will increase to 35-40 percent in MY 2015/16 compared to about 15 percent share in MY 2014/1. U.S. wheat imports are projected to total about 300 TMT in MY 2015/16.

Milling wheat imports from Canada are expected to further increase in MY 2015/16 to 70,000 tons compared to 60,000 tons in MY 2014/15. The increase is due to the fact that Glencore International, the Swiss commodities trader, acquired Viterra, the largest Canadian grain company in 2012. Glencore is active in Israel and is growing its business in Israel with Canadian milling wheat imports.

MY 2014/15 Outlook –

In MY2014/16, Post is revising down total wheat imports to 1,548 TMT from USDA's initial estimate of 1,800 TMT, as the feed industry will substitute corn for wheat feed in its rations, due to competitive corn prices.

Milling wheat imports in MY 2014/15 are expected to total about 1,023 TMT, a 30 percent increase from the previous year. The significant increase is attributed to a
30 percent decrease in production due to the MY 2014/15 drought, in addition to the Sabbatical Year (every 7 year) in which Jews are not supposed to consume the crops produced in that year, therefore. the local wheat produced will mostly be sold to the Palestinians.

U.S. market share in MY 2014/15 is currently at about 15 percent (148 TMT), a 32 percent decrease to the previous MY. The decrease is mainly due to cheaper Russian, German, and Canadian milling wheat. In MY 2014/15 there was a quality issue with one vessel of American milling wheat as the wheat was sticky and it was very difficult to process. Most of the American wheat is imported through Louis Dreyfus.

In MY 2014/15, imports of Canadian milling wheat increased to 60TMT tons and are expected to further climb in MY 2015/16. The pricing of Canadian milling wheat is lower than American wheat. All in all, American wheat is more expensive compared to wheat from other sources from which Israel buys.

Feed Wheat - Due to the favorable Ukrainian, U.S., and South American corn prices combined with the decreased supplies of Ukraine feed wheat, Israeli importers have decreased feed wheat imports in MY 2014/15 by nearly 18 percent compared to the previous year and feed wheat imports are expected to total about 525 TMT
In recent years (MY), feed wheat imports were not less than 500 TMT and not more than 900 TMT per year. Feed wheat imports' average for the past 7 years totaled 720 TMT. Israel needs minimum amount of feed wheat of 500 TMT per year.

Stocks:

Milling Wheat Stocks

Emergency milling wheat stocks are usually at their annual high in July at an estimated 165,000 tons which would be sufficient to cover about 2 months of demand**.** Stocks generally decline from July through March-April to 30,000 tons, and rebound in June-July with the onset of the harvest.

Emergency stocks are based on the domestic wheat harvest size, however, in case of a shortage in local wheat production, stocks are rebuilt with imported wheat, which is what happened in MY 2014/15. Emergency stocks are controlled by three Israeli companies, which are allocated through the government's tendering process. In addition to the emergency stocks, local importers usually have some milling wheat stocks, which are imported.

Feedstuff Stocks

The emergency feedstuff stocks include all the feed grains, oil meals, DDGS and CGF and stand at about 120,000 tons per year. These stocks are sufficient to meet feed demand for approximately 2 weeks. Out of the total 120,000 tons, about 20,000 tons are feed wheat.

Production, Supply and Demand Data Statistics:

Wheat Market Begin Year	2013/2014		2014/2015		2015/2016	
	Jul 2013		Jul 2014		Jul 2015	
Israel	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	70	70	70	70	0	70
Beginning Stocks	151	481	343	391	0	474
Production	130	110	130	90	0	160
MY Imports	1,667	1,743	1,800	1,548	0	1,390
TY Imports	1,667	1,743	1,800	1,548	0	1,390
TY Imp. from U.S.	157	300	0	148	0	300
Total Supply	1,948	2,334	2,273	2,029	0	2,024
MY Exports	5	3	5	5	0	5
TY Exports	5	0	5	5	0	5
Feed and Residual	650	1,000	900	600	0	570
FSI Consumption	950	940	965	950	0	970
Total Consumption	1,600	1,940	1,865	1,550	0	1,540
Ending Stocks	343	391	403	474	0	479
Total Distribution	1,948	2,334	2,273	2,029	0	2,024
1000 HA, 1000 MT, MT/HA						

Commodities:

Barley

Production:

There is a limited amount of barley produced in Israel, but it is all harvested as silage; all barley grain is imported. Most barley production is located in the south of Israel and the rest is in Beit-Sh'ean Valley (eastern Israel).

About 4,500 HA of barley for silage are grown in Israel and production is about 10 MT per HA, totaling about 38,000 MT.

Consumption:

Barley is the third biggest feed grain in Israel after corn and feed, with a consumption that is likely to range between 190-550 TMT in the coming years. Most of it is sold to the Arab population (both in Israel and the Palestinian Authority) as feed for their livestock, mainly sheep.

Trade:

MY 2015/16 Outlook

The price of the four main feed grains (corn, feed wheat, barley and sorghum) determines Israeli's feed milling industry's choice. Since expanded corn imports are expected and restricted feed wheat supplies are projected to continue in MY 2015/16, the feed industry's demand for barley imports is expected to increase compared to the previous year and will total about 340 TMT, a 6 percent up.

Due to the presence of the xanthophyll 1 pigmentation in corn that has an effect of turning the broiler meat yellow, Israeli feed millers must use in the feed mix other grains, so if feed wheat import are decreasing then barley/sorghum imports must go up. Israeli consumers refuse to buy yellow chicken meat, since they relate the color to poor health and obesity. Therefore, sorghum/barley are needed as a substitute for feed wheat.

In recent years annual barley imports were not less than 190 TMT and not more than 550 TMT per year and barley imports are projected to stay at these levels in the coming years.

MY 2014/15 Outlook

Although there were restricted feed wheat supplies from Ukraine in MY 2013/14 and MY 2014/15, barley imports experienced an increase of about 8 percent compared to the previous year, totaling 325 TMT, mainly due to the significant increase in corn imports. As described above, in order to not have a yellow poultry/turkey, therefore barley/sorghum imports must rise if feed wheat imports are decreasing and corn imports are increasing.

There have been no imports of barley from the U.S. in recent years, and this situation is not expected to change in the future, as most barley is imported from Ukraine.

Stocks:

Emergency feedstuff stocks including all feed grains, DDGS, corn gluten feed and oil meals stand at about 120,000 tons per year. Out of this amount, about 25,000 tons are barley.

Production, Supply and Demand Data Statistics:

Barley Market Begin Year Israel	2013/2014 Oct 2013		2014/2015 Oct 2014		2015/2016 Oct 2015	
	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	12	22	27	25	0	35
Production	0	0	0	0	0	0
MY Imports	275	380	300	325	0	340
TY Imports	275	380	300	325	0	340
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	287	402	327	350	0	375
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	250	367	275	305	0	330
FSI Consumption	10	10	10	10	0	11
Total Consumption	260	377	285	315	0	341
Ending Stocks	27	25	42	35	0	34
Total Distribution	287	402	327	350	0	375
1000 HA, 1000 MT, MT/HA						

Commodities:

Sorghum

Production:

There is a limited amount of sorghum produced in Israel and it is all harvested for silage; all sorghum grain is imported. The level of consumption hinges on price relationships with other grains and protein sources.

About 1,100 HA are usually planted for sorghum silage. The majority of sorghum production is located in the northern and central parts of Israel.

Production is about 10 tons per HA and total sorghum silage production is about 11,000 tons.

Consumption:

The level of consumption hinges on price relationships with other grain sources, primarily corn, feed wheat, and DDGS and CGF.

Sorghum is a very minor feed grain in Israel, and its market share out of the total feed stuff imports is about 1-2 percent. However, whenever there is a shortage of grains from Ukraine and Russia and if sorghum prices are competitive, sorghum imports may increase, mainly from Ukraine. Due to Kosher laws, sorghum is consumed prior to Passover.

Due to significantly large corn imports mainly from Ukraine, sorghum imports in MY 2014/15 decreased by about 40 percent compared to the previous year. However, sorghum will continue to be a minor grain and consumption is projected to vary between 30-130 TMT per year in the next few years.

Trade:

MY 2015/16 Outlook – If Ukraine continues to experience low feed wheat supplies as it experienced in the last two years (in recent years more Ukrainian wheat is sold as milling wheat) combined with high corn imports, it is estimated that sorghum imports in 2015/16 will stay at low levels as in the previous year, totaling about 40,000-50,000 tons

Most Sorghum is usually imported from Ukraine.

MY 2014/15 Outlook - Many Israeli traders consider the Black Sea Basin(BSB) a "natural" source for grains due to its proximity and the convenience of small-medium shipments, and all sorghum imports in MY 2013/14 and MY 2014/15 were imported from BSB, specifically Ukraine. Due to the significantly high corn imports, sorghum imports in MY 2014/15 decreased by about 40 percent compared to the previous year and will total about 40,000 tons.

Stocks:

Since sorghum is consumed only prior to Passover, ending stocks are usually very low, totaling 1,000-2,500 tons. The ending stocks of sorghum are not expected to change in the coming years.

Commodities:
Corn

Production:

Total corn area is minimal with about 4,500 HA, of which 90 percent is for silage corn and the rest is for grain corn production, producing 700 tons of grain in MY 2014/15.

Post estimates that local grain corn production will not change significantly in the coming years and will total 600-1,000 tons per year.

Trade:

Due to significantly lower levels of feed wheat imports in MY 2013/14 and MY 2014/15, Israeli importers increased corn imports from Ukraine, US, Brazil, Argentina, Moldova and Romania, which in MY 2015/16 and MY MY2014/15 are expected to reach a record high of about 1.7 million tons, a 24 percent increase compared to MY2013/14 (an all-time record).

In recent years, corn has been imported mainly from Ukraine, Argentina and Brazil. In MY 2013/14, 397 TMT of U.S. corn was exported to Israel from 9/1/2013 to 8/31/2014. So far in MY2014/15, U.S. corn has not been exported to Israel.

The dramatic decline of U.S. corn exports to Israel in recent years, are due to the competitive pricing of Ukraine and South American corn, and the superior quality of corn from these origins. Additionally, Ukrainian and other BSB corn sources' proximity to Israel resulting in freight advantage over the United States and South America.

Post estimates that 95-100 percent of corn imports to Israel in MY 2015/16 will come from Ukraine, Argentina and Brazil while the U.S. share will be negligible.

Corn imports over the past 10 years have ranged between 900-1,700 TMT and are expected to be at the high levels in the coming years (1500-1800 TMT).

Israel remains a steady, long-time customer of U.S. corn co-products including DDGS and CGF and in recent years DDGs and CGF imports have increased significantly. In MY 2014/15, 446,000 tons of CGF and DDGS were imported by Israel (mainly from the U.S.), up nearly 110 percent compared to 10-years ago.. The country's dairy sector is a heavy user of DDGS and CGF with some DDGS earmarked for poultry consumption.